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## Trade, Commerce, and Commercial Crises

*Commercial Policy in War Time and After. A Study of the Application of Democratic Ideas to International Commercial Relations.* By WILLIAM SMITH CULBERTSON. With an introduction by HENRY C. EMERY. (New York: D. Appleton and Company. 1919. Pp. xxiv, 479. \$2.50.)

This book is one of the earliest to appear in a new and extensive series on Problems of War and Reconstruction whose general aim is to form "a comprehensive and systematic history of the war effort of the United States." The author of the volume before us had for his task the treatment of one of the most important as well as most intricate aspects of the general field to be covered by the series. He has undertaken to discuss the permanent rather than the temporary industrial and commercial changes brought about by the war, and the problems of commercial policy, national and international, which, both in the immediate and the remote future, are likely to be in the foreground for consideration. Whether or not one may wish to subscribe to Mr. Culbertson's main conclusions, there will be rather general agreement among his readers that his task has been ably performed. The field has been broadly and comprehensively surveyed; much food for thought bearing upon the intricate problems of reconstruction has been submitted; but, as is usually the case with questions involving the tariff and commercial policy in general, there is ample ground for controversy.

The main part of the book is divided into three sections; in addition there are nearly 100 pages of appendices. Part I, covering 100 pages, is entitled War's Effect on Industry. After showing the bearings of commercial policy upon the general problems of reconstruction, there are considered the effect of the war in diversifying American industry; the chemical industries under conditions of blockade and embargo, and under the war demand; the expansion of American industries in the wake of war; and the effect of the war on industries abroad. In all probability there are few American writers who have at their command as much valuable information as has Mr. Culbertson on the war's effect on industry. Consequently, as might be expected, this part of the book abounds in valuable information regarding the development of the world's industrial life, and the industrial and commercial readjustments undergone, during the years that the war was in progress.

The second part of the volume, covering upwards of 100 pages, is entitled American Commercial Policies. Here are considered questions concerning the tariff, anti-dumping legislation, export trade and its promotion, bargaining tariffs to prevent discriminations, and national control of American commercial activities abroad. At the outset attention is directed to a topic which in recent years has been much talked of in connection with the tariff, *viz.*, the equalization of conditions of competition. The world of industry in 1919 is different from that of 1913 and, as was pointed out in part I, the war has changed materially the relative competitive positions of the leading commercial nations. The currents of competition having thus been modified, the writer observes:

It becomes desirable for the American nation to consider again whether those industries necessary to the country's welfare are competing on a fair and equitable basis. The policy of equalizing conditions of competition with a fair margin does not require that all industries that individuals may wish to start in the United States should receive protection. To take an extreme case, it would not be sound policy to attempt to encourage coffee production in the United States by means of a tariff that would equalize the conditions of competition between the United States and Brazil. The natural advantages of Brazil are too great. The guiding purpose in tariff making should be the nation's welfare. Whether conditions of competition should be equalized or not in a given industry depends upon many factors, both political and economic. The framing of tariffs is fundamentally a matter not of statistics or accounting, but of judgment, common-sense, and national policy.

There is here left little doubt as to the author's position on the American tariff.

But, it is contended, a tariff that equalizes the normal permanent differences in conditions of competition between the United States and foreign countries does not suffice in matters of commercial policy. "In addition to a tariff law that will place our industries on an equality with their foreign competitors, we need trade defenses that will keep them there." It is in this connection that anti-dumping legislation comes in for consideration. Certain modifications and extensions of the American legislation of 1916 are proposed.

With reference to American commercial activities abroad, some degree of regulation and control is advocated. This should be exercised with a view to preventing our foreign commercial interests involving us in strife with other peoples. The general principle

advocated is "the extension of the same regulatory control to American business abroad as it submits to at home." The justification of such positive action rests, in part, on the fact that, under present-day conditions, unregulated business interests are likely, sooner or later, to involve the interests of the nation as a whole.

The third part of the volume, embracing 140 pages, bears the title, *World Commercial Policies*. There is little doubt that this will be regarded rather generally as the most interesting part of the book, the part which contributes most toward the problems of reconstruction, and the part over which there will be the greatest difference of opinion. The subject of the opening chapter is *Where National Control Breaks Down*, and it is here that we find Mr. Culbertson entering at once upon a constructive program of international control of the larger problems of commercial policy. Just as there are problems of commercial policy to be handled by the individual nations themselves to preserve their essential national interests, so there are today at the same time still larger problems which are truly international. The latter, it is contended, cannot be handled adequately by separate nations but require collective effort for their best solution. Such worldwide economic problems, the writer urges, should be in the hands of an international body which would view them not from the standpoint of the individual nation but from the world point of view. In the words of the writer:

A certain amount of independence of action must be surrendered by individual nations in order that these problems, which are worldwide and which no one nation in and of itself can solve, may be considered by an international organization looking at them from the world point of view. The economic life of the world has in many ways burst the confines of the individual state. In so far as it has, it is without a coextensive control. Nations have merely accentuated the fierceness of individual competition in world trade and financing. To uncontrolled individualism has been added an uncontrolled nationalism. This situation points conclusively to the necessity for an international organization vested, even if in the most rudimentary form, with the essential elements of government.

In this connection it is proposed that the nations should agree among themselves to eliminate unfair practices and discriminations from international commerce, and create one or more commissions under the League of Nations with power to investigate and give publicity to infringements of the international rules of commerce agreed to. The establishment of such a commission or

commissions on the part of the nations, it is argued, would not necessitate their relinquishing anything that the interests of the world would warrant them in keeping.

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*Principles of Foreign Trade.* By NORBERT SAVAY. (New York: Ronald Press Company. 1919. Pp. xx, 495. \$4.)

The widespread interest in foreign trade during the past five years has called forth a volume of publication upon the subject, a large proportion of which has been of a propagandist nature. While extensive treatises upon the purposes and practice of foreign trade are to be found in German and French, they are often not available and more often not utilized. Giving due credit to the volume by Hough upon the technique of foreign trade and other specialized works upon foreign exchange and marine insurance, there is much to be desired in the treatment of the structure and functions of the foreign trade organization.

The work by Savay contains forty-four chapters which average less than ten pages. They are grouped into five parts. The first deals with general considerations; the second with the machinery of foreign trade; the third with the operation of a foreign trade organization; the fourth with the technique of foreign trade; and the last with trade regulations. The discussion of such topics as opportunities of foreign trade, foreign trade strategy and its essentials, the psychology of the foreign market, the best markets for the American exporters, and the commercial policies of the World Powers is taken up under general considerations. In dealing with the marketing system of foreign trade, the exporter and his staff, the importer, foreign trade organization, export organization and combinations come in for their share of attention. But here, as elsewhere, the treatment is inadequate. Furthermore, inaccuracy or failure to recognize the full complexity of marketing systems is to be charged against the writer. For instance, the diagram and statement concerning the domestic trade channels on page 55 is neither accurate nor complete. The usual position of the commission men or selling agents between wholesaler and manufacturer is not indicated. In diagrammatic expositions of foreign trade organization (p. 56), the implied statements may be correct for a limited class of products, such agricultural products as wheat and cotton in the export trade; but the organization is